



DENALI COMMISSION
510 L Street, Suite 410
Anchorage, Alaska 99501

(907) 271-1414 Fax (907) 271-1415 Toll Free 1-888-480-4321

RESOLUTION NO. 01-15
A RESOLUTION REGARDING SUSTAINABILITY FOR DENALI COMMISSION FUNDED
INFRASTRUCTURE PROJECTS

WHEREAS, the Commission is charged with developing infrastructure to serve rural Alaskan communities, with preference given to those that are economically distressed and with particular regard to health and safety needs; and

WHEREAS, the Commission recognizes that healthy and safe communities depend on sustainable infrastructure; and

WHEREAS, one of the Commission's GUIDING PRINCIPLES states that projects must be sustainable, and sustainability is one of the Commission's CORE VALUES; and

WHEREAS, the U.S. Congress, through legislation drafted by Senator Ted Stevens, has directed the Commission to ensure that all infrastructure projects demonstrate sustainability as a prerequisite for Denali Commission funding; and

WHEREAS, both the U.S. Congress and the Alaska State Legislature have strongly advised the Denali Commission to avoid the creation of un-funded future liabilities for either the State or Federal governments; and

WHEREAS, the cost of constructing, operating, maintaining, renewing, and replacing infrastructure in rural Alaska is considerably more expensive than infrastructure in urban Alaska or the 48 contiguous states; and

WHEREAS, most communities in rural Alaska are economically distressed with unemployment levels several times the national average, and with income levels a fraction of the national level; and

WHEREAS, the high cost of services in rural Alaska and the operation and maintenance of rural infrastructure is currently assisted by a number of programs including the Power Cost Equalization Program, Low Income Heating and Electric Assistance Program, Remote Maintenance Worker Program, Rural Utility Business Advisor Program, government subsidized loans, and other means; and

WHEREAS, operating efficiencies and cost reduction can be achieved through a variety of means including, simplification and standardization, increasing the scale or regionalization of utility systems or other infrastructure system in order to achieve the required management capacity, and combining fuel orders to acquire economies of scale; and

WHEREAS, consistent application of sound business principles is a fundamental prerequisite to sustainable infrastructure or services; and

WHEREAS, life cycle cost of infrastructure increases dramatically when sustainability principles are not applied:

NOW THEREFORE BE IT RESOLVED, that the Denali Commission reconfirms its commitment to sustainability for Commission funded infrastructure projects as a CORE VALUE and as a GUIDING PRINCIPLE with the following understanding:

- Sustainability, by definition, includes **all** costs associated with management, operation and maintenance, renewal and replacement (after the design life has been achieved) necessary to maintain an acceptable level of service.
- The high cost of infrastructure in rural Alaska makes it infeasible for the total costs of all services in all communities to be borne by local users, however, **to the extent feasible**, user rates should include all costs necessary to achieve sustainability.
- All practical steps should be taken, including simplification of projects, standardization of infrastructure, combining of utilities, regionalization of utility management structures, bulk purchase of fuels, training and development of management personnel and other actions that reduce the cost of sustainable infrastructure.
- Before Denali Commission funding is applied to the construction of any infrastructure project there must be a sound business plan. The Denali Commission considers sound business planning as a key process in defining sustainability to ensure funded infrastructure projects will be operated and maintained and demonstrating how all costs, which are necessary to assure a sustainable project or level of service, will be covered.
- All parties to the Commission within their spheres of responsibility, as individual entities or in collaborative efforts, will seek to reduce the cost of sustainable rural utilities and support subsidies that are demonstrated as necessary to ensure that basic infrastructure and essential services are available in rural Alaska at an affordable cost.

CERTIFICATION

We, the undersigned, hereby certify that the Denali Commission is comprised of seven members (or their duly appointed alternate), of whom six, constituting a quorum, were present at a meeting duly and regularly called, noticed, convened and held this 20th day of September, 2001, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of seven members (Jeff Staser voting proxy for Jim Sampson), and opposed by 0 members, and that said Resolution has not been rescinded or amended in any way.

DATED this 20th day of September, 2001

SIGNED:


Jeff Staser
Federal Co-Chair


for Fran Ulmer,
State Co-Chair